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State file reg

16 May 1953

Mr. W. Park Armstrong, Jr.  
Special Assistant, Intelligence  
Department of State

Dear Park:

Following up our conversation, I am writing this letter to confirm the fact that my action assigning to CIA/ORR primary responsibility for the economic sections of NIE-88 did not foreclose or assume a particular outcome to our continuing discussions on allocation of responsibility between ORR and OIR. I recognize that budgetary uncertainties prevented your responding to the suggestions I made in your office on 9 April, and hope you will recognize why we had to make a decision on NIE-88 assignments without indefinite delay. You will recall that I backed off our position with respect to SE-37 in order that it could be expeditiously produced last March. I do not feel that I could conscientiously do the same for an estimate that is not due until early 1954. The terms of reference allocations in both these cases are therefore to be considered only as ad hoc decisions creating no precedent or argument with respect to the long-range solution of the question.

In hopes that consideration of the fundamental issue may be facilitated thereby, I outline below the principal reasons why I consider CIA/ORR must be assigned primary responsibility for economic intelligence research on Red China:

1. NSCID 15 is so vague as to provide no guidance.
2. By long standing agreement, ORR has primary responsibility for economic intelligence on the USSR and its European Satellites.
3. The Bloc's economic capabilities must be viewed as a whole; hence the exclusion of the Chinese economy from aggregates is unthinkable.
4. Responsibility should be centralized in one agency for both the aggregates and the components thereof so that those responsible for the final figures and conclusions have control over the production of the ingredients; therefore, division of labor between OIR and ORR on the Chinese economy is structurally unsound and practically inefficient.

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5. ORR has the manpower and the resources to do the thorough-going research required in the Chinese economy whereas OIR does not. Current budgetary problems of both offices not taken into account in this statement.
6. Leaving OIR primary responsibility for:
  - a. Political, cultural and sociological intelligence world-wide;
  - b. Economic intelligence in all areas outside the Bloc;gives it a more than adequate load for its resources.
7. Any specialists who would be left high and dry by our suggested allocation will be welcomed as additions to ORR.
8. Nothing herein suggested detracts from the responsibility of OIR to produce such departmental intelligence as the Department of State may require.

Sincerely,

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Robert Amory, Jr.  
Deputy Director/Intelligence

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